



## IFFIm frontloads US\$ 2 billion for global immunisation effort

**The International Finance Facility for Immunisation (IFFIm) has raised more than US\$2 billion on the international capital markets since November 2006 to support life-saving immunisation programmes through the GAVI Alliance.**

"We have proven that the IFFIm concept of frontloading money to boost immunisation programmes works well," said IFFIm Board Chair Dr Alan Gillespie. "IFFIm harnesses the strength of the public and private sectors for development and we are seeing strong demand for IFFIm Vaccine Bonds."

IFFIm is backed by the United Kingdom, France, Italy, Spain, Sweden, Norway and South Africa which have pledged to contribute US\$ 5.3 billion to IFFIm over 20 years. IFFIm converts these long-term government pledges

into immediately available cash resources by issuing bonds in the capital markets.

This strong financial base makes it an attractive and ethical investment opportunity to both individual and institutional investors alike. The World Bank acts as financial advisor and treasury manager to IFFIm.

"The funds raised by IFFIm are enabling GAVI to double our spending on immunisation programmes in 70 developing countries," said Dr Julian Lob-Levyt, CEO of the GAVI Alliance.

IFFIm's initial benchmark offering in November 2006 raised US\$1 billion from institutional investors globally and a second offering in March 2008 secured the equivalent of US\$223 million from private investors in Japan. In the first five months of 2009, IFFIm has raised an additional US\$972 million equivalent in Japan and the UK from private and institutional investors.

## Sterling debut brings in £266 million

PHOTO: WHO/CHRIS BLACK

**IFFIm's first foray** into the sterling market raised £266 million (US\$400 million equivalent) from individual and institutional investors – five times more than anticipated.

In partnership with HSBC, IFFIm entered the sterling market in March 2009 hoping to raise up to £50 million from individual investors through the HSBC Vaccine Investment ISA and Vaccine Investment Plan.

The marketing campaign aimed at ethical savers and minimum investment of £1,000 gained much attention in the mainstream British media.

The launch on March 9 attracted a number of British Members of Parliament, UK-based ambassadors, the media and many guests from the public and private sectors.

In response to feedback from investors, a second tranche of £250 million was added aimed at institutional investors and lead managed by HSBC and Royal Bank of Scotland. It was 30% oversubscribed attracting some 40 investors including many with a specific commitment to ethical investing.

# The Pope recognised as IFFIm's first investor

**On February 19**, British Prime Minister Gordon Brown presented the Pope with a thank you gift recognising His Holiness Pope Benedict XVI as the purchaser of the first IFFIm Vaccine Bond.

The gift was a framed photograph of Meseret Teshome (below) with her daughter Brucktayet at the Timbicho health post in southern Ethiopia.



## THANK YOU

Meseret Teshome with her daughter Brucktayet at the Timbicho health post in southern Ethiopia. Brucktayet had just received a pentavalent vaccination against diphtheria, pertussis, tetanus, Hepatitis B and Hib (*Haemophilus influenzae* type B).

"I got all my five children vaccinated because immunisation protects from many diseases," said Meseret. "Having healthy children is very important because it means you don't have to spend money buying medicines or going to the hospital."

The pentavalent vaccine is provided by the GAVI Alliance using funds raised by the International Finance Facility for Immunisation (IFFIm) by selling bonds on the world's capital markets.

Since 2006 IFFIm has raised more than US\$1.6 billion for GAVI's immunisation programmes.

His Holiness Pope Benedict XVI purchased the first IFFIm Vaccine Bond.



PHOTO: UNICEF ETHIOPIA/INDRIAS GETACHEW



Pope Benedict XVI receives the IFFIm gift from British Prime Minister Gordon Brown

Baby Brucktayet had just received a pentavalent vaccination against diphtheria, pertussis, tetanus, Hepatitis B and *Haemophilus influenzae* type B or Hib provided by the GAVI Alliance using funds raised by IFFIm.

Mr Brown, who is recognised as an architect of the International Finance Facility (IFF) concept, handed the present to the Pope at the beginning of his meeting at the Vatican.

Rock stars Bono and Sir Bob Geldof have also been credited as being among the first investors in IFFIm during the inaugural benchmark offering in November 2006 that raised US\$ 1 billion.

## Netherlands becomes IFFIm's 8<sup>th</sup> donor

**With a pledge** of 80 million Euros over 8 years, the Netherlands has become an IFFIm donor – the first country to join what is hoped to become a new wave of IFFIm donors.

Announced on June 3, the Netherlands joins France, Italy, Norway, South Africa, Spain, Sweden and the United Kingdom as an IFFIm donor.

The Dutch government has supported GAVI for 10 years with more than 160 million Euros in direct donations.

Supporting IFFIm, however, has additional value for the Netherlands because of its desire to involve the private sector in development.

Dr Julian Lob-Levyt, CEO of the GAVI Alliance, praised the Netherlands for being a trail blazer in development cooperation.

"Once again, the Dutch are showing leadership and driving the aid effectiveness agenda forward. By becoming an IFFIm donor, they will help GAVI to save even more lives," he said.

### IFFIm's donor commitments

|                |                                      |
|----------------|--------------------------------------|
| United Kingdom | <b>£1,380,000,000</b> over 20 years  |
| France         | <b>€1,239,960,000</b> over 20 years  |
| Italy          | <b>€473,450,000</b> over 20 years    |
| Spain          | <b>€189,500,000</b> over 20 years    |
| Netherlands    | <b>€80,000,000</b> over 8 years      |
| Sweden         | <b>SEK 276,150,000</b> over 15 years |
| Norway         | <b>US\$ 27,000,000</b> over 5 years  |
| South Africa   | <b>US\$ 20,000,000</b> over 20 years |

# Vaccine Bonds continue to sell well in Japan

**Japanese retail investors continued to snap up IFFIm Vaccine Bonds in 2009. In two separate uridashi issuances, IFFIm raised US\$ 429 million equivalent through Daiwa Securities in February and a further US\$ 143 million equivalent through Mitsubishi UFC Securities in May.**

These exceptional results in challenging market conditions demonstrated growing support for IFFIm and its humanitarian purpose among ordinary Japanese investors.

The January offering was arranged by Daiwa Securities SMBC Co. Ltd., the wholesale securities firm under Daiwa Securities Group.

IFFIm Board Chair Dr Alan Gillespie, the World Bank's Vice President and Treasurer Kenneth Lay and Chief Financial and Investment Officer of the GAVI Alliance Alice Albright joined President of Daiwa Securities Group Shigeharu Suzuki to present the offering to more than 200 Daiwa investors.

The two-hour presentation included a five-minute video with Japanese subtitles produced by the GAVI Alliance showing how IFFIm funds are used to immunise children in the developing world.

At a meeting just before the presentation, Mr Suzuki told his guests that Daiwa's relationship with IFFIm was helping him and his colleagues feel that they were making a positive difference to the world.

Based on investor demand, Daiwa offered a choice of Vaccine Bonds denominated in South African rand (ZAR), New Zealand dollars and Australian dollars. The ZAR 3.1 billion (US\$ 310 million equivalent) tranche was the largest ZAR-denominated uridashi bond in Japan to date. More than 80% of the investors were over 50 and more than 60% were women.

In May, Mitsubishi UFC Securities Co. Ltd. offered Japanese investors IFFIm Vaccine Bonds denominated in US dollars and Australian dollars, also based on investor demand, to raise the equivalent of US\$ 143 million.

"The World Bank has been an issuer in the Japanese capital markets for more than 35 years. We are pleased to be working with IFFIm to help offer Japanese investors this opportunity to make a difference in millions of children's lives," said Mr Lay.



Dr Alan Gillespie presenting IFFIm to Daiwa investors

## Comments from Daiwa investors after the seminar by Daiwa, IFFIm, GAVI and the World Bank in January 2009



Mr Masaharu Kitano, aged 61, from Tokyo said he was so impressed by the IFFIm seminar that he was intending to buy some IFFIm Vaccine Bonds. "I am a regular contributor to children's charities but with them it is always a donation – IFFIm offers an investment," he said.



Mrs Keiko Aoshima, a mother of four, said "I like the idea of investing in something that will help children. With bonds offered by other banks, you never really know how your money will be used but with IFFIm it is very clear where your money will go."

# IFFIm funds at work in the developing world

**The GAVI Alliance has had a catalytic effect on increasing uptake of underused vaccines in the poorest countries.**

Dramatic and significant inroads have been made with basic DTP3 immunisation coverage (against diphtheria, pertussis and tetanus) approaching 80%, a remarkable achievement driven by the countries themselves.

The introduction of the five-in-one pentavalent vaccine, funded by GAVI with support from IFFIm, has played a major role in protecting children against DTP plus two more potential killers: Hepatitis B and *Haemophilus influenzae* type B, commonly known as Hib.

Hepatitis B generally attacks much later in life but Hib is the cause of meningitis and pneumonia, which are both big killers of children in their first few months of life. It is estimated that Hib kills 370,000 children every year, in addition to leaving the majority of those who survive with lifelong disabilities including paralysis, deafness, mental retardation and learning disabilities.

By the end of 2008, the pentavalent vaccine was being used in 56 GAVI-eligible countries, reaching 42 million children – an increase of 14 million children over the year, according to the World Health Organization.

US\$ 196 million have been dedicated for a tactical investment to support the supply



Community nurse Cynthia Nunoo vaccinates baby Bryana with pentavalent vaccine in Accra, Ghana. Bryana's mother Pricilla Quarshie says:

***"I'm a caterer and I've left work to bring my baby to the clinic. I don't mind leaving work to be here because I know it's important for my child's health. A child's health has no price so I advise everyone to come to the clinic with their baby."***

of pentavalent vaccine, with 90% of the funding coming from IFFIm.

GAVI's purchasing power has stimulated supply by encouraging manufacturers to increase production capacity – an example of GAVI's market-shaping influence.

In Uganda, which was one of the first GAVI-supported countries to vaccinate children with the pentavalent vaccine, Hib was virtually eliminated in just five years, preventing 30,000 cases of severe Hib disease and 5,000 child deaths every year.

The pentavalent vaccine is expected to prevent 90% of Hib-related deaths, making a huge difference to children's health and also contributing to efforts to reach the Millennium Development Goal to reduce child mortality by two thirds by 2015.

## UN courts IFFIm's experience

**UN** Secretary-General Ban Ki-Moon recognised IFFIm as one of eight successful innovative financing initiatives at the first meeting of the I-8 Group/L.I.F.E. (Leading Innovative Financing for Equity), at the World Health Assembly in Geneva on May 19.

"The economic crisis makes innovative financing even more important," Mr Ban told delegates at the meeting chaired by Philippe Douste-Blazy, Under Secretary-General and Special Advisor on Innovative Finance for Development.

Mr Ban said a key finding of the United Nations Conference on Financing for Development in Monterrey, Mexico, was that new, innovative funding sources were needed to reach the Millennium Development Goals.

"Your task is to identify the most successful mechanisms," Mr Ban said, offering

his own "personal commitment" to help find new ways to raise funds for global health and development.

IFFIm and the other seven initiatives gathered for the meeting are considered to be among the most exemplary and successful, showing major progress in finding innovative financing mechanisms, hence the tag I-8 or "innov-eight".

Dr Alan Gillespie, representing IFFIm, told the high-level gathering at the Palais des Nations that IFFIm is a true hybrid of public and private sectors explaining that IFFIm has leveraged US\$250 million from its seven donors to raise US\$2 billion.

"This shows the power of the capital markets and the remarkable appetite of investors for sustainable, solid and ethical investments," he said.

### IFFIm gains new board members

*The IFFIm board of directors welcomes Didier Cherpitel and Sean Carney as new members. Their appointment is effective 1 June 2009 and follows a detailed and thorough recruitment process. IFFIm received more than 170 expressions of interest from candidates around the world.*

*Didier Cherpitel was CEO of the International Federation of the Red Cross (IFRC)*

*from 2000-2003 and prior to that was a Managing Director of JP Morgan in London and Paris where he had relationship responsibility with the African Development Bank and World Bank.*

*Sean Carney was Chief Operating Officer of Investment Banking for HSBC Investment and Global Banking until 2008. He has significant transaction experience particularly in emerging markets.*

*Mr Cherpitel and Mr Carney join Dr Alan Gillespie (chair), Ms Arunma Oteh, Mr John Cummins and Dr Dayanath Jayasuriya on the IFFIm board.*

[Jiji Press](#) > [Nikkei](#) > [Fuji Sankei Business Eye](#) > [TV report NHK](#) > [TV Asahi's](#) > [Financial Times](#) > [Reuters](#) > [Agence France Presse](#) > [Bloomberg](#)  
> [Time Asia](#) > [Forbes magazine](#) > [the American Chamber of Commerce Journal](#) > [Financial Week](#) > [Forbes.com](#) > [San Diego's Union Tribune](#) > [Nature Medicine](#)

### IFFIm in the news

IFFIm bond offerings and IFFIm's role in innovative financing for development have been quite high on the international news agenda in 2009 giving good visibility to IFFIm donors – an integral part of the story.

The UK offering with HSBC attracted a lot of attention from the mainstream British press. Seven personal finance journalists joined a GAVI media trip to Sierra Leone to see how IFFIm funds are used, resulting in picture stories in The Times, The Telegraph, The Guardian, Money Mail and a TV report on Sky News among others. Dr Alan Gillespie was also interviewed live on Channel Four's Lunchtime News programme.

Reuters, The Financial Times and its website FT.com have continued to follow the IFFIm story too. The FT was the first news outlet to report on the UK offering but also continues to provide coverage, as does the New York Times, on IFFIm's role in innovative financing for health and development.

In January, Japanese journalists lined up with foreign correspondents from the FT, Bloomberg TV and Reuters to interview Dr Gillespie and GAVI's Chief Financial Officer Alice Albright ahead of the second Daiwa Securities offering resulting in wide coverage in Japan and abroad.

Human interest stories and photographs showing the use of IFFIm funds continue to capture the attention of the media's audience.

# IFFIm delivers on its goal to frontload

**Predictable and sustainable** funding underpins the GAVI model. Committed donors and innovative financing enable countries to scale up immunisation and plan ahead.

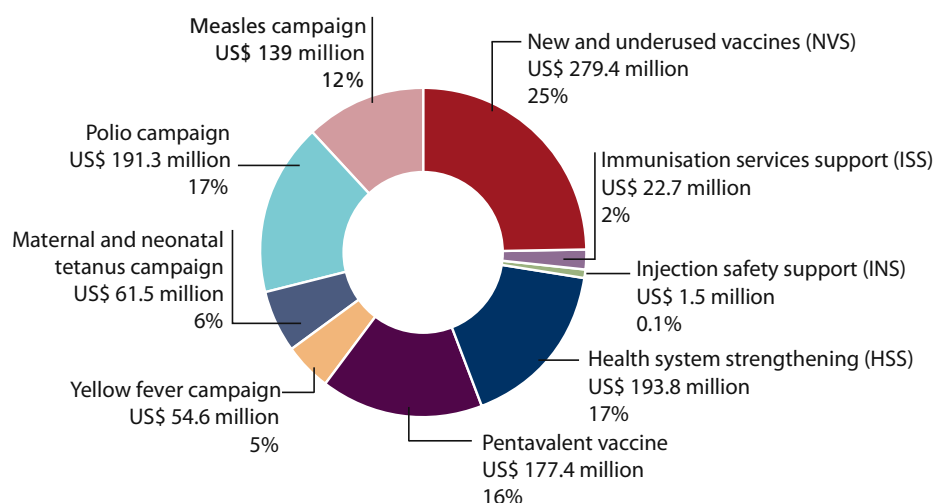
As of 31 March 2009, IFFIm had approved programmes of US\$ 1.3 billion (since inception). Of that amount, more than US\$ 1.1 billion has already been disbursed to support vaccine purchase and delivery to 70 developing countries.

The disbursements are broken out between "core" GAVI programmes such as new

and underused vaccines, immunisation support, injection safety and the pentavalent vaccine as well as tactical investment cases such as the yellow fever and polio vaccine stockpiles, measles campaigns and the maternal and neo-natal tetanus campaigns.

Given that the total GAVI 2009 programme budget is expected to be over US\$ 1 billion, IFFIm funding will be used to its maximum annual capacity for vaccine programmes, health system strengthening (HSS) and for non-country specific investment cases.

**GAVI disbursement of IFFIm funds from 2006 to March 2009**



**The GAVI Alliance** is a unique partnership of public and private sector actors with a single, shared focus: to improve child health in the poorest countries by extending the reach and quality of immunisation coverage within strengthened health services.

GAVI's partners include UNICEF, WHO, the World Bank, civil society organisations, public health institutions, donor and implementing country governments, the Bill & Melinda Gates Foundation, other private philanthropists, vaccine industry representatives, IFFIm, the financial community and others whose collective efforts and expertise are enabling much greater progress to be made in this field than ever before.



**The World Bank** is treasury manager for IFFIm. In that capacity, the World Bank manages IFFIm's finances according to prudent policies and standards. This includes IFFIm's funding strategy and its implementation in the capital markets, rating agency and investor outreach, hedging transactions and investment management. The World Bank also coordinates with IFFIm's donors and manages their pledges and payments as well as disbursements for immunisation and health programmes through the GAVI Alliance.

For the latest information please see

[www.iff-immunisation.org](http://www.iff-immunisation.org)

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